- Residential developments that obtain a vesting tentative map prior to the
  effective date of this ordinance provided the vesting tentative map has not
  expired;
- Residential developments that obtain one of the following before the effective date of this ordinance:
- A discretionary approval
- A building permit
- Residential developments where the application for a tentative map has been deemed completed by the County prior to the effective date of this ordinance;
- Residential developments located in or proposed for a County redevelopment area, provided the development is subject to a Redevelopment Agency disposition and development agreement, ownership participation agreement, acquisition agreement or other written agreement that requires affordable housing to be produced in the development, or is subject to a condition of approval requiring the provision of affordable housing in the County redevelopment area.

#### SUBMITTAL REQUIREMENTS

Applicants must submit an inclusionary housing plan as part of their initial development application for review. It must include the following:

- A detailed project description;
- A site plan indicating the location of the inclusionary units in relationship to the market rate units (unit mix, location, and number of bedrooms);
- The targeted income levels;
- A phasing plan, if needed, indicating the timely development of the inclusionary units as the residential development is completed;
- An incentives description if requested of the County;
- A payment plant for in-lieu fee, as well as, a statement of calculation of the total in-lieu fee payment required;
- If an alternative compliance method is proposed, information sufficient to allow the County to determine that the alternative would provide equivalent or greater benefit than would result from providing the units on site.

Applications will not be deemed completed until the inclusionary housing plan has a preliminary approval.

### REVIEW PROCESS/INCLUSIONARY HOUSING AGREEMENT

Upon receipt of the applicant's inclusionary housing plan, the Community Development Director or his designee will review the proposal to ensure it meets all requirements, and within 45 days will preliminarily approve or reject the proposed inclusionary housing plan. Once the proposal has been accepted, an Inclusionary Housing Agreement will be drafted outlining the elements of the proposal. All developers whose projects are not exempt are required to enter into an Inclusionary Housing Agreement with the County, except where an in-lieu fee is used to satisfy the inclusionary requirement. The Inclusionary Housing Agreement must be accomplished prior to the recording of the final map or the issuance of a building permit, whichever occurs first. The execution of an Inclusionary Housing Agreement will be a condition of approval for the overall development plan.

#### **ADDITIONAL INFORMATION**

A copy of the Inclusionary Housing Ordinance is available on the County's website, <a href="www.ccreach.org">www.ccreach.org</a>. You will be able to read, download and/or print out copies of the Ordinance. Copies are also available through the County's Application and Permit Center. If you have any questions or would like additional information, please contact Kara Douglas, the County's Affordable Housing Program manager at (925) 674-7880 or Kristin Sherk, the County's Housing Planner at (925) 674-7887.

# 2013

# INCLUSIONARY HOUSING GUIDELINES



CONTRA COSTA COUNTY
DEPARTMENT OF CONSERVATION AND
DEVELOPMENT
30 Muir Road
Martinez CA 94553
(925) 674-7887

www.ccreach.org

# 2013 CONTRA COSTA COUNTY INCLUSIONARY HOUSING GUIDELINES

#### PROGRAM APPLICABILITY

The Inclusionary Housing Ordinance is applied to all new residential development of five (5) or more units, as well as condominium conversions.

15 percent of all residential units are required to be affordable:

- Rental Projects -12 percent to lower income households and three percent to very-low income households.
- For-Sale Projects 12 percent to moderate income households and three percent to lower income households.

# REOUIRED INCOME LEVELS, SALES PRICES AND RENTS

2013 Income Maximums

Number of persons in household	Very Low Income (50%)	Lower Income (80%)	Median Income (100%)	Moderate Income (120%)
1	\$32,750	\$46,350	\$65,450	\$78,550
2	\$37,400	\$53,000	\$74,800	\$89,750
3	\$42,100	\$59,600	\$84,150	\$101,000
4	\$46,750	\$66,250	\$93,500	\$112,200
5	\$50,500	\$71,550	\$101,000	\$121,200
6	\$54,250	\$76,850	\$108,450	\$130,150
7	\$58,000	\$82,150	\$115,950	\$139,150
8	\$61,750	\$87,450	\$123,400	\$148,100

2013 Estimated\* Sales Prices

Unit Sales (Number of bedrooms)	1	2	3	4
Lower	\$225.840	\$258,062	\$290,057	\$315,732
Moderate	\$503,344	\$570,549	\$637,442	\$690,557

Assuming: 5 percent down payment

4.5 percent mortgage interest rate

30-year fixed mortgage

\$250 homeowner association fee

\$800 property insurance

2013 Rent Maximums

34 . Danta La				
Maximum Rents by				
Income Category	Unit by bedroom size			
	1	2	3	4
Very-Low Rent	\$935	\$1,051	\$1,169	\$1,263
Lower Rent	\$1,123	\$1,263	\$1,403	\$1,515

#### REQUIRED DURATION OF AFFORDABILITY

- Rental inclusionary units must remain affordable to the targeted income group for 55 years as documented through an affordable housing agreement recorded against the property.
- The initial purchaser of a for-sale inclusionary unit must occupy the unit

as their principal place of residence for at least three years. The unit may be sold to an above-moderate income purchaser and at a market rate price after this three year period. The County will recapture an amount equal to the sum of the difference between the initial affordable sales price and the appraised market value and the County's proportionate share of any appreciation since the time of the initial sale. The recaptured amount will be deposited in a restricted fund and be used for another inclusionary unit.

Market Price	\$600,000
Affordable Price	\$350,000
"Inclusionary Gap"	\$250,000

Inclusionary Gap:

\$250,000/600,000 = 42 percent

This means that the County will receive 42 percent of the <u>appreciation</u> of the home which is the difference between the original purchase price of the home and the price at which it sells. If we use \$700,000 as the actual sales price, the following would result:

Future Price	\$700,000
Original Price	\$600,000
Total Appreciation	\$100,000
County Share of Appreciation	- 42,000
(42 percent of \$100,000)	
Share of Appreciation That Owner Keeps	\$58,000

Under these assumptions, when the home is sold, the County would recapture:

Inclusionary Gap	\$250,000
County Share of Appreciation	+\$42,000
COUNTY RECAPTURE	\$292,000

#### **ALTERNATIVE COMPLIANCE METHODS**

#### A. In-Lieu Fee Alternative

An in-lieu fee may be paid for some or all inclusionary units in residential projects of five through 125 units. In-lieu fees must be paid prior to the issuance of a building permit. An in-lieu fee may also be paid on any fractional units required in any project.

The following two examples illustrate what options are available for the provision of affordable housing:

Example 1: Rental in-lieu fees are suspended. Multi-family rental projects are not required to pay a fee in-lieu of providing affordable housing.

#### Example 2:

For a 100-unit <u>ownership</u> project, the County's inclusionary requirements could be met with following options:

• 15 affordable units (100 x .15 = 15 units), 12 moderate income and three lower income units, or;

- Build 12 moderate income units and pay an in-heu tee of \$38/,489 for the remaining lower income units (129,163 x 3 = 378,489), or;
- Pay \$387.489 in-lieu fees (100 x 3,874.89 = 387,489)

#### B. Off-Site Alternative

A project developer may propose a plan for providing some or all affordable housing units off-site, or an existing off-site development may be acquired and rehabilitated to provide some or all of the required inclusionary units. The County must determine the location, unit size, unit type, pricing and timing of availability would provide equivalent or greater benefit than building the units on site. The off-site units must be constructed prior or concurrently with the on-site construction. The location must be appropriately zoned, within a reasonable distance from the on-site residential development, and all required entitlements issued for the off-site development alternative prior to the issuance of building permits for the on-site development.

## C. Land Conveyance Alternative

A project developer may convey title to land in fee to an affordable housing developer if the developer has been approved by the County. The land selected must be within unincorporated County and zoned for residential use at a density that allows the required number of inclusionary units. The land must be suitable for residential construction in terms of size, configuration, physical characteristics, physical and environmental constraints, access, location, adjacent use, and the land must be served with the infrastructure necessary for residential development. The developer must also submit a Phase I environmental report before the land can be considered for this option.

#### **DESIGN STANDARDS**

Inclusionary units must be dispersed throughout a project and comparable in construction quality and exterior design to the market rate units. The units may be smaller in size, developed on smaller lots, and have alternative interior finishes than market rate units. The average number of bedrooms for all inclusionary units must be comparable to the average number of bedrooms for market rate units.

#### UNIT CONSTRUCTION

All the inclusionary units must be constructed and occupied prior to or concurrently with the market rate units.

#### **EXEMPTIONS**

The following are exempt from the requirements of the Inclusionary Housing Ordinance:

- Residential developments of one through four dwellings units;
- The reconstruction of any dwelling units destroyed by fire, flood, earthquake, or other natural disaster, provided the square footage, number of units, and use of units remain the same and the rebuilding begins within six months of the disaster;